

106TH CONGRESS
2D SESSION

H. R. 4358

To amend the Internal Revenue Code of 1986 to promote the economic recovery of the District of Columbia.

IN THE HOUSE OF REPRESENTATIVES

MAY 2, 2000

Ms. NORTON introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to promote the economic recovery of the District of Columbia.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Omnibus District of
5 Columbia Tax Incentive Recovery Act of 2000”.

1 **TITLE I—IMPOSITION AND WITH-**
2 **HOLDING OF NONRESIDENT**
3 **WAGE TAX**

4 **SEC. 101. SHORT TITLE.**

5 This title may be cited as the “District of Columbia
6 Nonresident Tax Credit Act of 2000”.

7 **SEC. 102. IMPOSITION AND WITHHOLDING OF NON-**
8 **RESIDENT WAGE TAX.**

9 (a) IMPOSITION OF TAX.—Every nonresident indi-
10 vidual employed in the District of Columbia is subject to
11 a tax equal to 2 percent of wages from employment in
12 the District of Columbia and 2 percent of net earnings
13 from self-employment in the District of Columbia, so long
14 as there is a corresponding Federal credit.

15 (b) EXCEPTION.—Individuals excluded from the defi-
16 nition of “resident” under the second sentence of section
17 47–1801.4(17), District of Columbia Code, partners in
18 partnerships and sole proprietors subject to tax under sec-
19 tions 47–1808.1 through 47–1808.6, District of Columbia
20 Code, and members of the military service on active duty
21 are not subject to the tax imposed in this section.

22 (c) ASSESSMENT AND COLLECTION OF NON-
23 RESIDENT WAGE TAX.—Every employer making payment
24 of wages and every nonresident partner and sole propri-
25 etor of unincorporated businesses located in the District

1 shall deduct and withhold the nonresident wage tax im-
2 posed by this section and make returns of tax in accord-
3 ance with regulations prescribed by the Mayor of the Dis-
4 trict of Columbia.

5 (d) DEFINITIONS.—

6 (1) EMPLOYER.—The term “employer” has the
7 meaning given such term in section 3401(b) of the
8 Internal Revenue Code of 1986.

9 (2) EMPLOYMENT IN THE DISTRICT OF COLUM-
10 BIA AND SELF-EMPLOYMENT IN THE DISTRICT OF
11 COLUMBIA.—The terms “employment in the District
12 of Columbia” and “self-employment in the District
13 of Columbia” shall mean employment or self-employ-
14 ment involving labor or personal services performed
15 in the District of Columbia during the taxable year
16 except that such terms shall not include labor or
17 personal services performed by a nonresident in the
18 District of Columbia for a period not exceeding 45
19 days during the taxable year.

20 (3) NET EARNINGS FROM SELF-EMPLOY-
21 MENT.—The term “net earnings from self-employ-
22 ment” shall mean such net earnings as defined in
23 section 1402 of the Internal Revenue Code of 1986.

1 (4) NONRESIDENT.—The term “nonresident”
 2 has the meaning given such term in section 47–
 3 1801.4(18), District of Columbia Code.

4 (5) WAGES.—The term “wages” has the mean-
 5 ing given such term in section 3401(a) of the Inter-
 6 nal Revenue Code of 1986.

7 **SEC. 103. FEDERAL CREDIT CORRESPONDING TO IMPOSI-**
 8 **TION OF NONRESIDENT WAGE TAX.**

9 Section 31 of the Internal Revenue Code of 1986 (re-
 10 lating to determination of tax liability) is amended by add-
 11 ing at the end the following:

12 “(d) TAX WITHHELD AT SOURCE ON NONRESIDENTS
 13 OF THE DISTRICT OF COLUMBIA.—There shall be allowed
 14 as a credit against the tax imposed by this subtitle an
 15 amount equal to the amount withheld at source under sec-
 16 tion 102 of the District of Columbia Nonresident Tax
 17 Credit Act of 2000 (relating to the withholding of tax on
 18 nonresidents of the District of Columbia employed within
 19 the District). No deduction shall be allowed under this
 20 chapter for any tax for which credit is allowed under this
 21 subsection.”.

22 **SEC. 104. EFFECTIVE DATE.**

23 This title and the amendments made by this title
 24 shall apply to taxable years beginning after December 31,
 25 2000.

1 **TITLE II—MODIFICATIONS TO**
 2 **ENTERPRISE ZONE BENEFITS**
 3 **AVAILABLE WITH RESPECT**
 4 **TO THE DISTRICT OF COLUM-**
 5 **BIA**

6 **SEC. 201. SHORT TITLE.**

7 This title may be cited as the “District of Columbia
 8 City-Wide Enterprise Zone Act of 2000”.

9 **SEC. 202. MODIFICATIONS TO ENTERPRISE ZONE BENEFITS**
 10 **AVAILABLE WITH RESPECT TO THE DISTRICT**
 11 **OF COLUMBIA.**

12 (a) ENTIRE DISTRICT OF COLUMBIA TREATED AS
 13 EMPOWERMENT ZONE.—

14 (1) IN GENERAL.—Subsection (a) of section
 15 1400 of the Internal Revenue Code of 1986 (relating
 16 to establishment of DC Zone) is amended to read as
 17 follows:

18 “(a) DESIGNATION.—For purposes of this title—

19 “(1) the District of Columbia—

20 “(A) is hereby designated as the District
 21 of Columbia Enterprise Zone, and

22 “(B) shall be treated as an empowerment
 23 zone designated under subchapter U, and

1 “(2) the terms ‘District of Columbia Enterprise
2 Zone’ and ‘DC Zone’ mean the District of Colum-
3 bia.”

4 (2) CONFORMING AMENDMENTS.—

5 (A) Section 1400 of such Code is amended
6 by striking subsections (b) and (c) and by re-
7 designating subsections (d), (e), and (f) as sub-
8 sections (b), (c), and (d), respectively.

9 (B) Subsection (b) of section 1400 of such
10 Code, as redesignated by subparagraph (A), is
11 amended to read as follows:

12 “(b) SPECIAL RULE FOR APPLICATION OF EMPLOY-
13 MENT CREDIT.—In the case of the DC Zone, section 1396
14 (relating to empowerment zone employment credit) shall
15 be applied by substituting ‘20’ for ‘15’ in the table con-
16 tained in section 1396(b). The preceding sentence shall
17 apply only with respect to qualified zone employees, as de-
18 fined in section 1396(d), determined by treating no area
19 other than the DC Zone as an empowerment zone or en-
20 terprise community.”

21 (C) Paragraph (2) of section 1400(d) of
22 such Code, as redesignated by subparagraph
23 (A), is amended by striking “the census tracts
24 referred to in subsection (b)(1) as an enterprise

1 community” and inserting “the enterprise com-
2 munity in the District of Columbia”.

3 (D) Section 1400B of such Code is amend-
4 ed by striking subsection (d) and by redesign-
5 ating subsections (e), (f), and (g) as sub-
6 sections (d), (e), and (f), respectively.

7 (E) Paragraph (1) of section 1400B(e) of
8 such Code is amended by striking “section
9 1400(e)” and inserting “section 1400(c)”.

10 (b) CAPITAL GAINS EXCLUSION AVAILABLE FOR AS-
11 SETS HELD MORE THAN 2 YEARS.—

12 (1) IN GENERAL.—Subsection (a) of section
13 1400B of such Code is amended by striking “5
14 years” and inserting “2 years”.

15 (2) CONFORMING AMENDMENT.—Paragraph (7)
16 of section 1400B(b) of such Code is amended—

17 (A) by striking “5-YEAR” in the heading
18 and inserting “2-YEAR”, and

19 (B) by striking “5-year” in the text and
20 inserting “2-year”.

21 (c) MODIFICATIONS TO DEFINITION OF DC ZONE
22 BUSINESS.—Subsection (c) of section 1400B of such Code
23 is amended to read as follows:

24 “(c) DC ZONE BUSINESS.—For purposes of this
25 section—

1 “(1) IN GENERAL.—The term ‘DC Zone busi-
2 ness’ means any entity which is an enterprise zone
3 business (as defined in section 1397B),
4 determined—

5 “(A) after the application of section
6 1400(c),

7 “(B) without regard to subsections (b)(1)
8 and (d)(2)(B) of section 1397B, and

9 “(C) by treating no area other than the
10 District of Columbia as an empowerment zone
11 or enterprise community.

12 “(2) SPECIAL RULE FOR BUSINESSES HOLDING
13 INTANGIBLES.—Paragraph (4) of section 1397B(d)
14 shall not apply in determining whether a business is
15 a DC Zone business if—

16 “(A) at least 80 percent of the employees
17 of such business are residents of the District of
18 Columbia, and

19 “(B) at least 50 percent of the wages (as
20 defined by section 3401(a)) paid by such busi-
21 ness are paid to residents of the District of Co-
22 lumbia.”

23 (d) EFFECTIVE DATE.—The amendments made by
24 this section shall take effect as if included in the amend-

1 ments made by section 701 of the Taxpayer Relief Act
2 of 1997.

3 **SEC. 203. 5-YEAR EXTENSION OF ENTERPRISE ZONE TREAT-**
4 **MENT.**

5 (a) EFFECTIVE PERIOD OF DESIGNATION.—Sub-
6 section (f) of section 1400 of the Internal Revenue Code
7 of 1986 is amended by striking “December 31, 2002”
8 each place it appears and inserting “December 31, 2007”.

9 (b) ECONOMIC DEVELOPMENT BONDS.—Subsection
10 (b) of section 1400A of such Code is amended by striking
11 “December 31, 2002” and inserting “December 31,
12 2007”.

13 (c) ZERO PERCENT CAPITAL GAINS RATE.—

14 (1) Paragraphs (2)(A)(i), (3)(A), (4)(A)(i), and
15 (4)(B)(i)(I) of section 1400B(b) of such Code are
16 each amended by striking “January 1, 2003” and
17 inserting “January 1, 2008”.

18 (2) Subsections (e)(2) and (g) of section 1400B
19 of such Code are each amended by striking “2007”
20 each place it appears and inserting “2012”.

1 **TITLE III—LIMITATION ON IN-**
 2 **COME TAX IMPOSED ON INDI-**
 3 **VIDUALS WHO ARE RESI-**
 4 **DENTS OF THE DISTRICT OF**
 5 **COLUMBIA**

6 **SEC. 301. SHORT TITLE.**

7 This title may be cited as the “District of Columbia
 8 Economic Recovery Act of 2000”.

9 **SEC. 302. LIMITATION ON INCOME TAX IMPOSED ON INDI-**
 10 **VIDUALS WHO ARE RESIDENTS OF THE DIS-**
 11 **TRICT OF COLUMBIA.**

12 (a) IN GENERAL.—Subchapter A of chapter 1 of the
 13 Internal Revenue Code of 1986 (relating to determination
 14 of tax liability) is amended by adding at the end the fol-
 15 lowing new part:

16 **“PART VIII—LIMITATION ON TAX IMPOSED ON**
 17 **RESIDENTS OF THE DISTRICT OF COLUMBIA**

“Sec. 59B. Limitation on tax.

18 **“SEC. 59B. LIMITATION ON TAX.**

19 “(a) GENERAL RULE.—The net income tax of an in-
 20 dividual who is a resident of the District of Columbia for
 21 the taxable year shall not exceed the limitation determined
 22 under subsection (b) for such year.

1 “(b) LIMITATION.—The limitation determined under
2 this subsection is the sum of the amounts determined
3 under paragraphs (1) and (2).

4 “(1) 15-PERCENT RATE OF DISTRICT-SOURCED
5 INCOME IN EXCESS OF EXEMPTION AMOUNT.—The
6 amount determined under this paragraph is an
7 amount equal to 15 percent of so much of District-
8 sourced income as exceeds the exemption amount.

9 “(2) AVERAGE RATE OF NON-DISTRICT-
10 SOURCED ADJUSTED GROSS INCOME.—The amount
11 determined under this paragraph is an amount equal
12 to the average rate of the non-District-sourced ad-
13 justed gross income.

14 “(c) DEFINITIONS.—For purposes of this section—

15 “(1) RESIDENT OF DISTRICT OF COLUMBIA.—
16 An individual is a resident of the District of Colum-
17 bia for the taxable year if—

18 “(A) such individual used a residence in
19 the District of Columbia as a place of abode
20 (and was physically present at such place) for
21 at least 183 days of such taxable year, and

22 “(B) such individual files a District of Co-
23 lumbia income tax return for such taxable year.

24 “(2) NET INCOME TAX.—The term ‘net income
25 tax’ means—

1 “(A) the sum of regular tax liability and
 2 the tax imposed by section 55 (determined with-
 3 out regard to this section), reduced by

4 “(B) the aggregate credits allowable under
 5 part IV (other than section 31).

6 “(3) EXEMPTION AMOUNT.—The term ‘exemp-
 7 tion amount’ means—

8 “(A) \$30,000 in the case of a joint return
 9 or a surviving spouse,

10 “(B) \$15,000 in the case of—

11 “(i) an individual who is not a mar-
 12 ried individual and is not a surviving
 13 spouse, and

14 “(ii) a married individual filing a sep-
 15 arate return, and

16 “(C) \$25,000 in the case of a head of a
 17 household.

18 “(4) AVERAGE RATE.—The term ‘average rate’
 19 means the percentage determined by dividing—

20 “(A) the sum (determined without regard
 21 to this section) of the taxpayer’s regular tax li-
 22 ability and the tax imposed by section 55, by

23 “(B) the taxpayer’s taxable income.

24 If the percentage determined under the preceding
 25 sentence is not a whole number of percentage points,

1 such percentage shall be rounded to the nearest
2 whole number of percentage points.

3 “(5) REGULAR TAX LIABILITY.—The term ‘reg-
4 ular tax liability’ has the meaning given to such
5 term by section 26(b).

6 “(d) DISTRICT-SOURCED INCOME.—For purposes of
7 this section, the term ‘District-sourced income’ means ad-
8 justed gross income reduced by the sum of—

9 “(1) non-District-sourced adjusted gross in-
10 come,

11 “(2) net capital gain determined by taking into
12 account only gains and losses sourced in the District
13 of Columbia,

14 “(3) the deduction allowed by section 170, and

15 “(4) the deduction allowed by section 163 to
16 the extent attributable to qualified residence interest
17 (as defined in section 163(h)).

18 “(e) NON-DISTRICT-SOURCED ADJUSTED GROSS IN-
19 COME.—For purposes of this section, the term ‘non-Dis-
20 trict-sourced adjusted gross income’ means gross income
21 of the taxpayer from sources outside the District of Co-
22 lumbia reduced (but not below zero) by the deductions
23 taken into account in determining adjusted gross income
24 which are allocable to such income.

1 “(f) SOURCES OF INCOME.—For purposes of this
2 section—

3 “(1) RETIREMENT INCOME AND OTHER INCOME
4 NOT SOURCED UNDER SUBSECTION.—The source of
5 any income not specifically provided for in this sub-
6 section shall be treated as from sources within the
7 District of Columbia.

8 “(2) PERSONAL SERVICES.—

9 “(A) IN GENERAL.—Compensation (other
10 than retirement income) for services performed
11 by the taxpayer as an employee, and net earn-
12 ings from self-employment (as defined in sec-
13 tion 1402)), shall be sourced at the place such
14 services are performed.

15 “(B) SERVICES PERFORMED IN WASH-
16 INGTON-BALTIMORE AREA TREATED AS PER-
17 FORMED IN THE DISTRICT OF COLUMBIA.—
18 Services performed in the Washington-Balti-
19 more area shall be treated as performed in the
20 District of Columbia.

21 “(C) INDIVIDUALS PERFORMING 80 PER-
22 CENT OF SERVICES WITHIN WASHINGTON-BAL-
23 TIMORE AREA.—If, during any taxable year, at
24 least 80 percent of the hours of service per-
25 formed by an individual are performed within

1 the Washington-Baltimore area, all such service
2 shall be treated for purposes of this paragraph
3 as performed within the District of Columbia.

4 “(D) WASHINGTON-BALTIMORE AREA.—
5 For purposes of this paragraph, the term
6 ‘Washington-Baltimore area’ means the area
7 consisting of—

8 “(i) the Washington/Baltimore Con-
9 solidated Metropolitan Statistical Area (as
10 designated by the Office of Management
11 and Budget), and

12 “(ii) St. Mary’s County, Maryland.

13 “(3) INTEREST.—

14 “(A) IN GENERAL.—Interest received or
15 accrued during the taxable year shall be treated
16 as from sources outside the District of Colum-
17 bia.

18 “(B) EXCEPTION FOR SMALL AMOUNTS OF
19 NON-DISTRICT-SOURCED INTEREST.—Interest
20 which would (but for this subparagraph) be
21 treated as from sources outside the District of
22 Columbia shall be treated as from sources in
23 the District of Columbia to the extent the
24 amount of such interest does not exceed \$400.

1 “(C) EXCEPTION FOR INTEREST PAID BY
2 DISTRICT OF COLUMBIA BUSINESSES AND RESI-
3 DENTS.—

4 “(i) BUSINESSES.—In the case of in-
5 terest paid during a calendar year by a
6 debtor which was required to file (and
7 filed) a franchise tax return with the Dis-
8 trict of Columbia for the debtor’s taxable
9 year ending with or within the prior cal-
10 endar year, an amount equal to the D.C.
11 percentage (as shown on such return) of
12 such interest shall be treated as from
13 sources within the District of Columbia.
14 The preceding sentence shall apply only if
15 such percentage is furnished to the tax-
16 payer in writing on or before January 31
17 of the year following the calendar year in
18 which such interest is paid.

19 “(ii) OTHERS.—Interest shall be
20 treated as from sources within the District
21 of Columbia if the interest is paid during
22 a calendar year by a debtor—

23 “(I) which was required to file
24 (and filed) an income tax return with
25 the District of Columbia for the debt-

1 or's taxable year ending during the
2 prior calendar year, and

3 “(II) which is not required to file
4 a franchise tax return with the Dis-
5 trict of Columbia for such taxable
6 year.

7 “(D) SPECIAL RULE FOR DETERMINATION
8 OF D.C. PERCENTAGE FOR NEW BUSINESSES.—

9 Interest shall be treated as from sources within
10 the District of Columbia if the interest is paid
11 during a calendar year by a debtor which was
12 required to file (and filed) a franchise tax re-
13 turn with the District of Columbia for such
14 debtor's taxable year ending during such cal-
15 endar year, but which was not required to file
16 such a return for such debtor's prior taxable
17 year.

18 “(4) DIVIDENDS.—

19 “(A) IN GENERAL.—Dividends received or
20 accrued during the taxable year shall be treated
21 as from sources outside the District of Colum-
22 bia.

23 “(B) EXCEPTION FOR SMALL AMOUNTS OF
24 NON-DISTRICT-SOURCED DIVIDENDS.—Divi-
25 dends which would (but for this subparagraph)

1 be treated as from sources outside the District
2 of Columbia shall be treated as from sources in
3 the District of Columbia to the extent the
4 amount of such dividends do not exceed \$400.

5 “(C) EXCEPTION FOR DIVIDENDS PAID BY
6 CORPORATION ENGAGED IN BUSINESS IN THE
7 DISTRICT OF COLUMBIA.—In the case of divi-
8 dends paid during a calendar year by a corpora-
9 tion which was required to file (and filed) a
10 franchise tax return with the District of Colum-
11 bia for the debtor’s taxable year ending during
12 the prior calendar year, an amount equal to the
13 D.C. percentage (as shown on such return) of
14 such dividends shall be treated as from sources
15 within the District of Columbia. The preceding
16 sentence shall apply only if such percentage is
17 furnished to the taxpayer in writing on or be-
18 fore January 31 of the year following the cal-
19 endar year in which such dividends are paid.

20 “(5) DISPOSITION OF TANGIBLE PROPERTY.—
21 Income, gain, or loss from the disposition of tangible
22 property shall be sourced to the place such property
23 is located at the time of the disposition.

24 “(6) DISPOSITION OF INTANGIBLE PROP-
25 ERTY.—

1 “(A) IN GENERAL.—Income, gain, or loss
2 from the disposition of intangible property shall
3 be treated as from sources outside the District
4 of Columbia.

5 “(B) EXCEPTION.— If any portion of the
6 most recent income received or accrued before
7 such disposition which was attributable to such
8 property was from sources within the District
9 of Columbia, a like portion of the income, gain,
10 or loss from such disposition shall be treated as
11 from sources within the District of Columbia.

12 “(7) RENTALS.—Rents from property shall be
13 sourced at the place where such property is located.

14 “(8) ROYALTIES.—Royalties shall be treated as
15 from sources outside the District of Columbia.

16 “(9) INCOME FROM PROPRIETORSHIP.—

17 “(A) IN GENERAL.—In the case of a trade
18 or business carried on by the taxpayer as a pro-
19 prietorship, income from such trade or business
20 (other than income which is included in net
21 earnings from self-employment by the taxpayer)
22 shall be treated as from sources outside the
23 District of Columbia.

24 “(B) EXCEPTION FOR DISTRICT OF CO-
25 LUMBIA BUSINESSES.—If the taxpayer is re-

1 quired to file (and files) a franchise tax return
2 with the District of Columbia for the taxable
3 year, subparagraph (A) shall not apply to an
4 amount equal to the D.C. percentage of such
5 income.

6 “(10) INCOME FROM PARTNERSHIPS AND S
7 CORPORATIONS.—

8 “(A) PARTNERSHIPS.—In the case of a
9 taxpayer who is a partner in a partnership, in-
10 come from such partnership (other than income
11 which is included in net earnings from self-em-
12 ployment by any partner) shall be treated as
13 from sources outside the District of Columbia.

14 “(B) EXCEPTIONS.—

15 “(i) Subparagraph (A) shall not apply
16 to a partnership which was required to file
17 (and filed) a franchise tax return with the
18 District of Columbia for the partnership’s
19 taxable year ending with or within the tax-
20 payer’s taxable year to the extent of the
21 D.C. percentage of the taxpayer’s distribu-
22 tive share of the partnership income.

23 “(ii) Subparagraph (A) shall not
24 apply to a partnership which was not re-
25 quired to file a franchise tax return with

1 the District of Columbia for the partner-
 2 ship’s taxable year ending with or within
 3 the taxpayer’s taxable year to the extent
 4 of the taxpayer’s distributive share of part-
 5 nership income which is not (as determined
 6 under this subsection) from sources outside
 7 the District of Columbia.

8 “(C) S CORPORATIONS.—Rules similar to
 9 the rules of this paragraph shall apply to share-
 10 holders of an S corporation.

11 “(11) INCOME IN RESPECT OF A DECEDENT;
 12 INCOME FROM AN ESTATE.—Income in respect of a
 13 decedent, and income from an estate, shall be
 14 sourced at the place where the decedent was domi-
 15 ciled at the time of his death.

16 “(12) INCOME FROM A TRUST.—Income (other
 17 than retirement income) from a trust shall be treat-
 18 ed as from the same sources as the income of the
 19 trust to which it is attributable.

20 “(g) DEFINITIONS RELATING TO SUBSECTION (f).—
 21 For purposes of subsection (f)—

22 “(1) RETIREMENT INCOME.—The term ‘retire-
 23 ment income’ has the meaning given such term by
 24 section 114(b)(1) of title 4, United States Code (de-

1 terminated without regard to subparagraph (I) there-
2 of).

3 “(2) D.C. PERCENTAGE.—The term ‘D.C. per-
4 centage’ means the percentage determined by
5 dividing—

6 “(A) the net income taxable in the District
7 of Columbia (as shown on the original return
8 for the taxable year), by

9 “(B) total net income from all sources (as
10 shown on such return).

11 The preceding sentence shall be applied based on
12 amounts shown on the original applicable District of
13 Columbia franchise or income tax return.

14 “(h) SECTION NOT TO APPLY TO ESTATES AND
15 TRUSTS.—This section shall not apply to an estate or
16 trust.

17 “(i) REGULATIONS.—The Secretary shall prescribe
18 such regulations as may be necessary or appropriate to
19 carry out the purposes of this section, including regula-
20 tions to prevent the abuse of the purposes of this section
21 through the manipulation of the rules of subsection (f) by
22 means of personal service corporations or otherwise.”

23 (b) CONFORMING AMENDMENTS.—

24 (1) Paragraph (1) of section 55(c) of such Code
25 is amended by adding at the end the following:

1 “Such regular tax shall be determined without re-
 2 gard to section 59B.”

3 (2) The table of parts for subchapter A of chap-
 4 ter 1 of such Code is amended by adding at the end
 5 the following new item:

“Part VIII. Limitation on tax imposed on residents of the District
 of Columbia.”

6 (c) EFFECTIVE DATE.—The amendments made by
 7 this section shall apply to taxable years ending after the
 8 date of the enactment of this Act.

9 **SEC. 303. ANNUAL TREASURY STUDY ON IMPACT OF TAX**
 10 **REDUCTIONS FOR RESIDENTS OF DISTRICT**
 11 **OF COLUMBIA.**

12 (a) IN GENERAL.—The Secretary of the Treasury or
 13 his delegate shall conduct an annual study of the impact
 14 of part VIII of subchapter A of chapter 1 of the Internal
 15 Revenue Code of 1986 (relating to limitation on tax im-
 16 posed on residents of the District of Columbia) on the
 17 economy of the District of Columbia. In determining such
 18 impact, the study shall include an evaluation of changes
 19 in the following (among others):

20 (1) The number and characteristics of individ-
 21 uals who are residents of the District of Columbia
 22 who claim the benefits provided by such part and
 23 the number and characteristics of such individuals
 24 who choose not to claim such benefits.

1 (2) Investment in the District of Columbia.

2 (3) Capital gain net income of such individuals
3 determined for property within the District of Co-
4 lumbia.

5 (4) Tax revenues to the District of Columbia.

6 (5) The number of new businesses in the Dis-
7 trict of Columbia, the number and size of establish-
8 ments in the District of Columbia, and the growth
9 of existing businesses as measured by growth in em-
10 ployment and taxes payable to the District of Co-
11 lumbia.

12 (6) The number and characteristics of house-
13 holds residing in the District of Columbia.

14 (7) The employment and earnings of individuals
15 who are residents of the District of Columbia.

16 (8) Changes in the characteristics of employ-
17 ment within the District of Columbia, including the
18 proportion of jobs in the District of Columbia which
19 are held by residents of the District of Columbia.

20 (9) Home sales and residential rental activity in
21 the District of Columbia, by price levels of the prop-
22 erty involved.

23 (10) Tax structure in the District of Columbia,
24 including incentives for businesses to operate in the
25 District of Columbia.

1 (11) The number and characteristics of Federal
 2 income tax filers (by filing and income category)
 3 claiming deductions for charitable contributions,
 4 home mortgage interest, and investment interest.

5 (12) Comparable factors, by jurisdiction, for
 6 other governmental jurisdictions within the Wash-
 7 ington metropolitan statistical area.

8 (b) REPORTS.—The report of each such study shall
 9 be submitted to—

10 (1) the Committee on Ways and Means, and
 11 the Committee on Governmental Reform and Over-
 12 sight, of the House of Representatives, and

13 (2) the Committee on Finance, and the Com-
 14 mittee on Governmental Affairs, of the Senate.

15 (c) BASELINE.—As soon as practical after the date
 16 of the enactment of this Act, the Secretary of the Treasury
 17 or his delegate shall collect baseline data for purposes of
 18 the study under subsection (a).

19 **TITLE IV—FIRST-TIME HOME-**
 20 **BUYER CREDIT FOR DISTRICT**
 21 **OF COLUMBIA MADE PERMA-**
 22 **NENT**

23 **SEC. 401. SHORT TITLE.**

24 This Act may be cited as the “District of Columbia
 25 \$5,000 Homebuyer Credit Act of 2000”.

1 **SEC. 402. FIRST-TIME HOMEBUYER CREDIT FOR DISTRICT**
2 **OF COLUMBIA MADE PERMANENT.**

3 Subsection (i) of section 1400C of the Internal Rev-
4 enue Code of 1986 (relating to first-time homebuyer credit
5 for District of Columbia) is amended by striking “, and
6 before January 1, 2002”.

○